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AUTHOR Little, Marilyn J
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ABSTRACT

Extensive economic changes may be brought about by divorce. In an attempt to demonstrate that the degree of financial dislocation following divorce depends on three factors--custody arrangements, wife's employment, and social class--data on men's and women's employment, income, and support payments were gathered for 222 divorcing families. Total income and per capita income were calculated for each household. Data analyses indicated that men and women did not experience similar financial dislocations from divorce. Even when men retained custody of their children, they and their children were affected less severly than women with custody. Men who did not retain custody may have had less monthly income, but their income relative to their needs increased. The only women who appeared to gain slightly through divorce were women on the lowest end of the income scale, who were unemployed during marriage but employed after divorce. The findings suggest that even though the sex-wage disparity has become somewhat of a truism during the past decade, this knowledge has not changed the actual situation--in fact, there is some evidence that the sex-wage differential is increasing, a situation that will contribute to one fourth of the children in the United States experiencing serious financial difficulties when their parents divorce. (AG)

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FINANCIAL DISLOCATIONS AMONG DIVORCING FAMILIES

Marilyn J. Little

University of California, San Francisco

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FINANCIAL DISLOCATIONS AMONG DIVORCING FAMILIES

The dissolution of marriage evokes powerful emotions, a disruption in social networks and the physical separation of family members. Strained finances may contribute further to a couple's difficulties. While both men and women may suffer from the emotional and social traumas of divorce, women experience more financial dislocation than men in the post-divorce period. In this shift from marital to single status, the woman's economic situation changes dramatically.

A general overall comparison of men's and women's financial conditions is misleading because such large group comparisons obscure important within-group differences. In this paper I will demonstrate that the degree of financial dislocation within each sex group depends on three important factors: custody arrangements, wife's employment and class. My purpose is to reveal the variety of situations which exist for men, women and their children. I will show that while some households are exposed to severe financial dislocation, others actually experience little change in their financial situation after a divorce. Furthermore, some single individuals who do not retain custody of their children actually have more income relative to their needs than they had while married.

REVIEW OF LITERATURE

Prior research has demonstrated unequivocally the extensive economic changes brought about through divorce. A University of Michigan study of five thousand American families chronicled economic changes in these families over a period of six years from 1967 to 1973. Income for families which lost the male head of household through divorce or death much more frequently shifted downward, while income for intact families increased over this period of time. In looking at the bottom level or quintile,

which contained about 20% of the population in any one year, Duncan and Morgan (1975) found 36% of the total population of 5000 families fell into this level at least once during the six years. In contrast, 62% of the female-headed households fell into the lowest quintile at least once during the six years. While only 8% of all families remained within the lowest level all six years, 21% of the female-headed households stayed in this level.

These statistics demonstrate the financial hardships encountered by female-headed households. This study includes a large random sample of families in the United States and is, therefore, representative of the larger population; thus, we can conclude that only about one out of every three single women can expect to keep her household out of the lowest income bracket. These data also suggest that, while relatively few female-headed households stay in poverty, the majority fluctuate, moving in and out of poverty over a period of time.

Two further points need to be made, however, to refine this picture. First, these statistics do not describe the extent of financial dislocation experienced by female-headed households. A household may experience severe financial dislocation without falling into the lowest quintile. An upper middle class family, for example, may, through divorce, plummet two or three levels and exist precariously right above the lowest level. While these families are never classified as poor, the degree of dislocation experienced by family members may be severe.

Secondly, these statistics do not describe the financial impact of divorce upon children. Some of the households in this study were headed by older women whose children had grown or by women who did not have children. Duncan and Morgan (1976) analyzed separately those households

with children under the age of ten in 1968. They found that during the six year period about 20% of the children experienced the loss of a parent, usually the father. While the average income gain for all children under ten was 34%, the decrease in income for children remaining with a single female parent was 14%. Nearly one quarter of these children fell into poverty as a result of the loss (through divorce or death) of one parent. The small number of children who remained with their father after divorce were much better off financially. None of these children fell into poverty. In fact, economic well-being increased as income rose by about 50%, compared with 34% for the total population.

This paper, which is based upon data gathered for a larger study of divorce and child custody, will pursue in greater detail some questions raised by the Michigan study. First, the above data indicate custodial arrangements have an important impact upon children in divorcing families. To what extent are those children who remain with their father protected from the financial dislocation of divorce? Secondly, what effect does social class have upon economic dislocation? Do the men and women in different classes experience a relatively similar loss, or do some classes suffer more dislocation than others? Finally, how does the wife's employment during the marriage affect the family's economic position at divorce? An analysis of these three factors--custodial arrangements, social class and wife's employment--demonstrates that divorce does not have a universal economic impact upon families. While the majority of men and women may experience deprivations during this period, some may actually benefit financially from a divorce.

METHODS

My study is based on data gathered from 588 divorcing families who filed for a divorce between September, 1976 and December, 1977 in

an urban county in Northern California. In this county, all cases are filed numerically; by selecting files from every fourth section (all cases in sections 01, 05, 09, etc.) I obtained a random sample of approximately 25% of all families filing for divorce during this time.[1] Files contained information pertinent to child custody, which was my major focus in a larger investigation. I was also able to obtain financial data on some families. These data, however, are more sensitive and were not included in every file. Complete data on men's and women's employment, income and support payments were available for 222 families; these families constitute the core of the analysis I will present today.

I calculated two measures for each family: total income and per capita income. The total income available to the household included net monthly income, transfer payments and family support. Transfer payments were comprised of welfare (Aid to Dependent Children), Social Security, disability and pensions. Family support included child and spousal support, or alimony.

The second measure was per capita income. To calculate this figure, I computed the total amount of income available within the household and divided by the number of persons in that household. For those adults living without their children, I subtracted court-ordered support payments from the net monthly income.

I have constructed two figures to demonstrate the change in income for male- and female-headed households following divorce. Each figure has been placed upon a grid showing national economic levels. Census data for 1977 were used, with the population broken down into fifths, based upon total money available to the household. Income represents net annual income, after deductions for taxes and social security.[2] Numbers on the left side of each grid indicate the upper and lower

limits for each level. Thus, the ceiling for the lowest quintile is $7,048 net annual income with the poverty level designated as $4296. The second level extends from $7,048 to $11,130 and the third from $11,130 to $15,086. Households with incomes over $19,826 are located in the top or highest quintile.

To demonstrate the shifts which occurred among male and female-headed households during divorce, I divided my sample into four income groupings, with the low group including all households in which the husband's net annual income was below $9,000. Households with men's wages between $9,001 and $12,000 comprised the low middle group. High middle households had incomes between $12,001 and $24,000 while those few families in which the husbands earned more than $24,000 were located in the high income group.

FINDINGS

An appraisal of Figures 1 and 2 indicates the sharp financial differences between male and female-headed households after divorce. Some female-headed households suffered decreases in income of 50% or more. Male-headed households, however, remained financially stable or decreased, at the most, by 25% to 30% in household income.

Post Divorce Income in Female-Headed Households

Looking first at female-headed households (Figure 1), two possible pre-divorce incomes are given for families in each income level. Court records showed whether or not a woman was employed during the months following a separation; however, they seldom revealed employment during the marriage. Since there was no way to determine how many women worked during the marriage and how many entered the labor force only as the marriage ended, I indicated the average family income for households with women working and not working, but did not attach population

numbers to these two conditions. In all classes, the wife's employment added only about $5000 to the family budget. This figure seems very low but it is in agreement with national data for 1977. Census data for that year reported an average income of $15,063 for households with only male wage earners and $20,268 for households in which both the husband and wife worked. Similar to my findings, employed women added only about $5000 to the household budget.

While this amount was low, it had a significant financial impact upon the family. For example, the average family in the lower income group existed on $5,784, when the husband was the only breadwinner. If his wife worked, their household income almost doubled to $10,800, and they moved from a lower class to a marginal middle class status. For those families in the third group, the husband's income placed them above the mean, and the wife's wages pushed the household into the top fifth of the population. Only in the high income group did the wife's employment have little impact upon the family's economic location.

I have drawn trajectories to show the changes which took place as these households moved from married to female-head status. Three trajectories illustrate 1) those households in which the woman did not work and continued to remain at home after the divorce, 2) households in which the wife did not work during the marriage but returned to work after the divorce, and 3) those households in which the woman was employed both before and after the divorce. The fourth possibility, in which an employed woman became unemployed, occurred too infrequently to include on this chart.

Post-divorce income includes income from three different sources: wages received by the female head of household, public transfer money (i.e., Aid to Dependent Children, Social Security) and family support from the ex-husband. Thus, women at the lowest level, who did not work

after the divorce received a total of $4,740; most of their income was derived from welfare and public transfer funds. Employed women in this group had an average income of $7,048 for their households. In the next two groups, the unemployed women had $4,900 and $5,832 for their households, while employed women in these two groups had a total income of $8,412 and $9,821. In the high income group, female-headed households had average incomes of $14,094.

This figure indicates very clearly that women who worked during the marriage suffered severe financial dislocation when they divorced. The degree of dislocation increased as the family's economic standing increased. In the lowest group, the fall from $10,800 to $7,048 represented a decrease of about 30%. In the next two groups, the transition from married to single status brought a decrease of 50% or more in income. The money available to these households was cut in half. The greatest decrease in income, however, was experienced by women in the highest group who fell from household incomes averaging $44,916 to $14,904.

Women who were not employed during the marriage and returned to work at the time of divorce, suffered a less severe dislocation. In fact, in the lowest group, the economic situation for households changed very little. Since the husband's wages were so low, these women were able to find employment, which combined with their husband's child support payments, gave them an income slightly higher than they had while married. In the next group, the female-headed households experienced some drop in income, but as women became employed, the drop was not severe. However, women who had been married to high income men could not hope to compensate for the loss of the husband's income through their own employment. In the two highest income groups, even when women found employment and, assuming the father continued court-ordered support,

households fell an average of two levels after the divorce.

Households in which the woman did not work during the marriage and continued to be unemployed after the divorce suffered severe financial deprivations. Twenty-three families in the lowest group moved to the poverty level when the husband departed. The most dramatic change in income was experienced by six households in the upper middle income group. These six families dropped from $15,420 to $5,832 after the divorce. They were living on approximately one-third the income they had formerly enjoyed; these six women were all on welfare.

For the majority of female-headed households, divorce precipitated an abrupt drop in economic status and a shift from one economic level to another. Women who were relatively secure and comfortable when they were married to men with salaries twice theirs found their financial status most precarious when they separated. The degree of dislocation varied, with employed women in the upper levels suffering greater shifts in income. The least amount of financial disruption was experienced by women who were not employed during the marriage but found employment at the time of separation. A small group of women who were previously unemployed and married to men with low incomes experienced the least change in financial income after divorce.

Post Divorce Income in Male-Headed Households

What impact did divorce have upon households when the father retained custody of the children? Was the economic dislocation suffered by these men and their children as great as that experienced by women and their dependent children? Figure 2 shows that the financial shifts in these households were much less dramatic.

If the woman was not employed during the marriage, her departure left the household in essentially the same economic position. There was

little exchange of income after the divorce, since the woman seldom paid child support and the father with custody seldom paid spousal support.

If the wife worked during the marriage, her departure created a drop in income for the household. In the lowest income group, this drop was similar to the decrease experienced by female-headed households in the same class. However, in the low middle and high middle income groups, the decrease for male-headed households was not nearly as severe as that experienced by female-headed households in similar economic groups. The loss in income averaged 25 to 30% rather than 50%, and the households dropped approximately one level, rather than two or three, as common among female-headed households. Since no fathers in the highest income group retained custody of their children, there are no data available for the high income group.

Source of Income

Total amount of available income is essential in assessing a family's financial condition, but the source of that income is also important in considering economic security. Just as households differed in total amount of available income, they differed greatly in sources of income. Father custody homes were dependent almost entirely upon the man's income. Only two of these homes received AFDC and very few received child support from the absent mother. When they did receive support, these payments were only a small fraction of the total family income.

On the other hand, female-headed households were quite dependent upon transfer income from both the government and ex-husband. The proportion of income contributed by the ex-husband increased with class. Female-headed households in the two lower income groups supposedly received approximately 28% of their income from the absent male (Table 1). However, the father's contribution to the middle class families amounted

to 46% of the total monthly income, while in the high income group, his support, if paid, accounted for 62% of the total family income each month. Obviously, the higher the class, the greater the dependency of the woman and her chidren upon the man before and after the divorce.

For some families, the ex-husband's continued support could make the difference between a marginal middle class status and poverty. For example, if the wife worked during the marriage and contributed $5000 to the household and her husband made over $15,000, his refusal to provide support after the divorce would cause the family income to drop from $20,000 to $5,000; the family's income would be 25% what it had been during the marriage. A total of 56 families in the high middle and 39 families in the low middle income groups not only dropped two or three levels but continued to exist precariously above the lowest level, dependent upon the willingness of the ex-husband to provide support.

Other data have demonstrated, however, that husbands often do not pay the support ordered by the court. Hoffman and Holmes (1976) found that only 46% of the divorced women in the Michigan study were receiving any support from their ex-husbands.

DISCUSSION

The above findings indicate that men and women do not experience similar financial dislocations from a divorce. Even when men retain custody of their children, they and their children are affected less severely than women with custody. Men who do not retain custody may have less monthly income but their income relative to their needs actually increases. This is particularly true for men in the upper middle and high income groups. Men in these two groups had per capita incomes ranging from three to five times as high as their ex-wives and children

(Table 3). For example, the per capita monthly income for men in the highest income group was $2467, but the per capita income for their ex-wives and children was $473. Even though men in these classes contributed more to the support of their families, this support amounted to about 25% of their total income (Table 2), and they were actually left with more money to spend on themselves than when they were married. Hoffman and Holmes (1976) found similarly that while divorced men experienced a slight drop in real income, they gained considerably in their income relative to their needs.

Conversely, the only women who appeared to gain slightly through divorce were women on the lowest end of the scale, who were unemployed during the marriage but employed after the divorce.

Several points need to be made. First, income is experienced as both an absolute and relative commodity. Men and woman in the lower income groups very clearly had the lowest absolute amounts of money, but it appears that female-headed families in other groups experienced a substantial deprivation relative to both their former status and to the continuing status of the absent father. When these family members recalled their prior situation, or when they viewed the father's current continuing life style, they were undoubtedly aware of these shifts in status. While the actual loss of income was probably difficult to manage, this relative drop in status must have been quite painful to all family members, including the children.

Secondly, these data describe only some of the factors affecting financial status after divorce. Two important elements which would round out this picture are missing in these data. I have considered only income and not property assets. Households with higher incomes most likely had more property, savings accounts and investments. These

assets could buffer the drop in financial status for women and children. In some records, it was clear that women were using money from the sale of the family home or from savings accounts to pay the monthly bills. Assets could be depleted quite rapidly, particularly if women were not accustomed to handling finances during the marriage. For these families, the financial shock may be delayed until some time after the end of the marriage.

Another important element not measured was household services. Two parents have more time and talents to contribute to maintaining the household; single-parent households, whether headed by males or females, constantly encounter a labor shortage. These households experience additional costs as they buy services once provided by the other spouse. The broken appliance necessitates a service call, or remains broken; additional child care after school or on weekends may be required. Overburdened single parents may rely more upon short-cuts, e.g., expensive convenience foods or labor-saving devices. A reduction in adult time, energy and knowledge resources available within the household encourages labor assistance from outside the household; this labor assistance can be quite costly and can add to the drain upon financial resources within the household.

CONCLUSIONS

What can be done to ease this problem of financial loss for divorcing families? In particular, are there any policies which may address this issue of financial inequity?

On the basis of data presented in this paper, some may argue that fathers should more frequently assume custody of their children. Quite clearly, children in these households experience less severe financial deprivation . Placement of children should not depend, however, upon

material benefits offered by either parent. A child's development is enhanced by a parent, or parents, who can provide emotional support and effective discipline. The most effective parent may or may not be the parent with the highest income. Furthermore, many women earn low wages because they have spent years out of the labor force in the home. To argue that these women should give up their children when they divorce is doubly punitive. Women should not be penalized for their adherence to cultural roles which have specified their primary role as mothers and a secondary role as worker.

Another solution would be to require men to pay more support to their families, but this option is probably not tenable. Too frequently men now fail to pay the minimum amount ordered by the court. Some men remarry and assume additional financial responsibilities. Requiring these reluctant men to share more of their income will most likely be ineffective.

The most reasonable solution may also be the most difficult to achieve. If women received wages comparable to men's, the financial shock suffered by these families would be greatly reduced. Even though the sex-wage disparity has become somewhat of a truism during the past decade, this knowledge has not changed the actual situation. Statistics continue to document the disparity between men's and women's wages. In fact, Conte (1976) found the sex-wage differential has actually increased rather than decreased.

As long as society is content to retain this double standard, one quarter of the children in this country will experience serious financial adjustments when their parents divorce. Aside from the more obvious traumatic consequences in physical development which may occur among children in the lowest income families, we really have no knowledge of

the social and emotional impact of financial dislocation upon children.

This issue certainly warrants more attention from social scientists.

FOOTNOTES

[1]These data are part of a larger study which focused upon child custody. Since this issue of custody was my primary concern, I gathered data on households with children; I have no data on childless couples.

[2]In the census data, gross annual income is used, e.g., income before deductions. The data in this study reflect net annual income. To make the data comparable, I calculated tax and social security deductions for each income level. For example, after calculating tax and social security deductions, the gross income of $26,000 in the high income level became $19,826. Similarly, the gross income for the upper limits of the lowest quintile was $7,903; after deductions, this figure became $7,048. Since deductions for pension plans, health insurance, etc., were made in my data but not in the census data, my figures are conservative. The data in this study are, thus, slightly depressed in comparison with national figures.

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MARILYN LITTLE
20 Drake Lane
Oakland, CA. 94611

FIGURE 1:

PRE AND POST-DIVORCE INCOME

IN FEMALE-HEADED HOUSEHOLDS BY

INCOME LEVEL AND FEMALE'S EMPLOYMENT

(N=194)

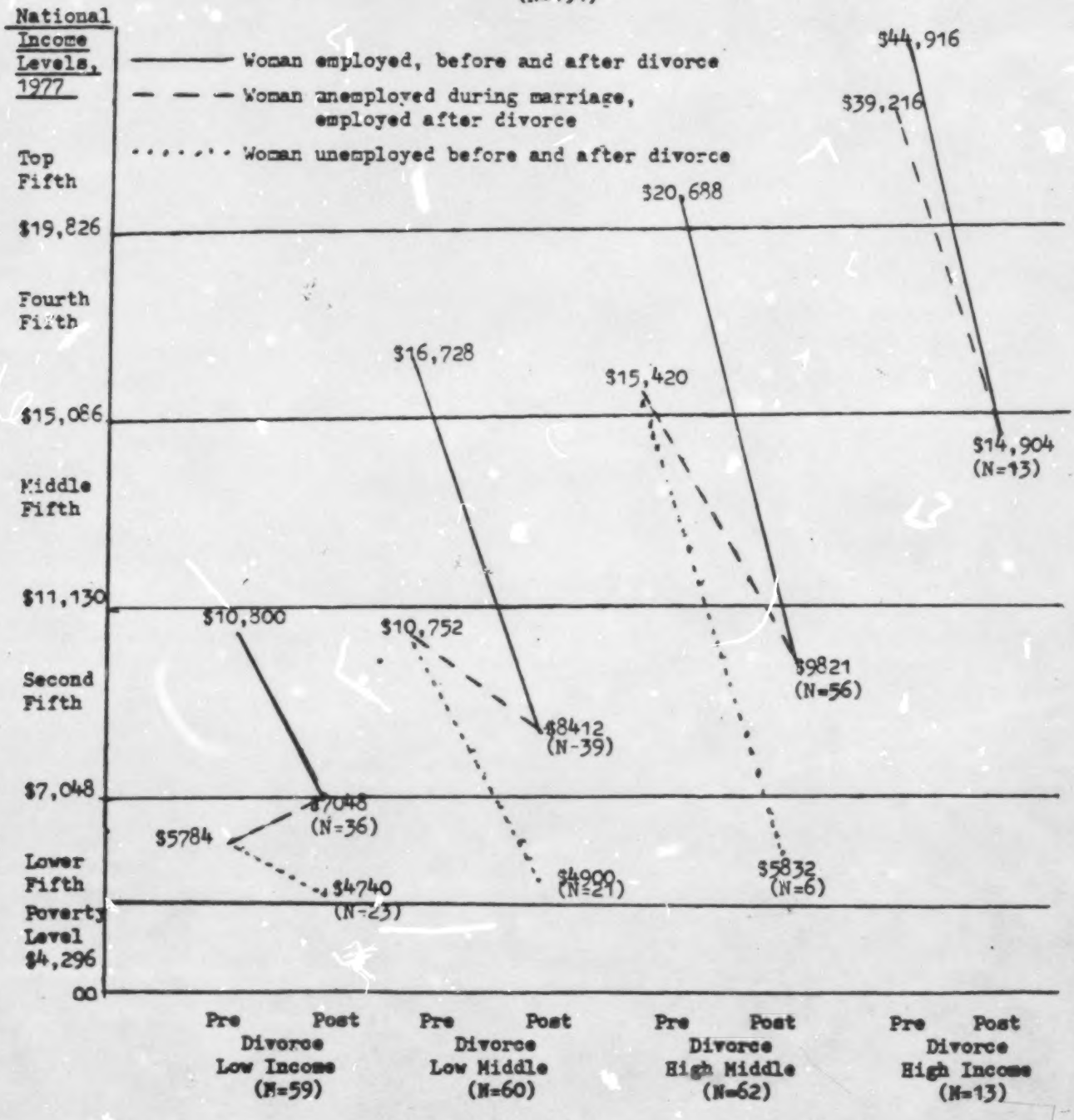

FIGURE 2:

PRE AND POST-DIVORCE INCOME

IN MALE-HEADED HOUSEHOLDS

BY INCOME GROUP AND WIFE'S EMPLOYMENT

(N=28)

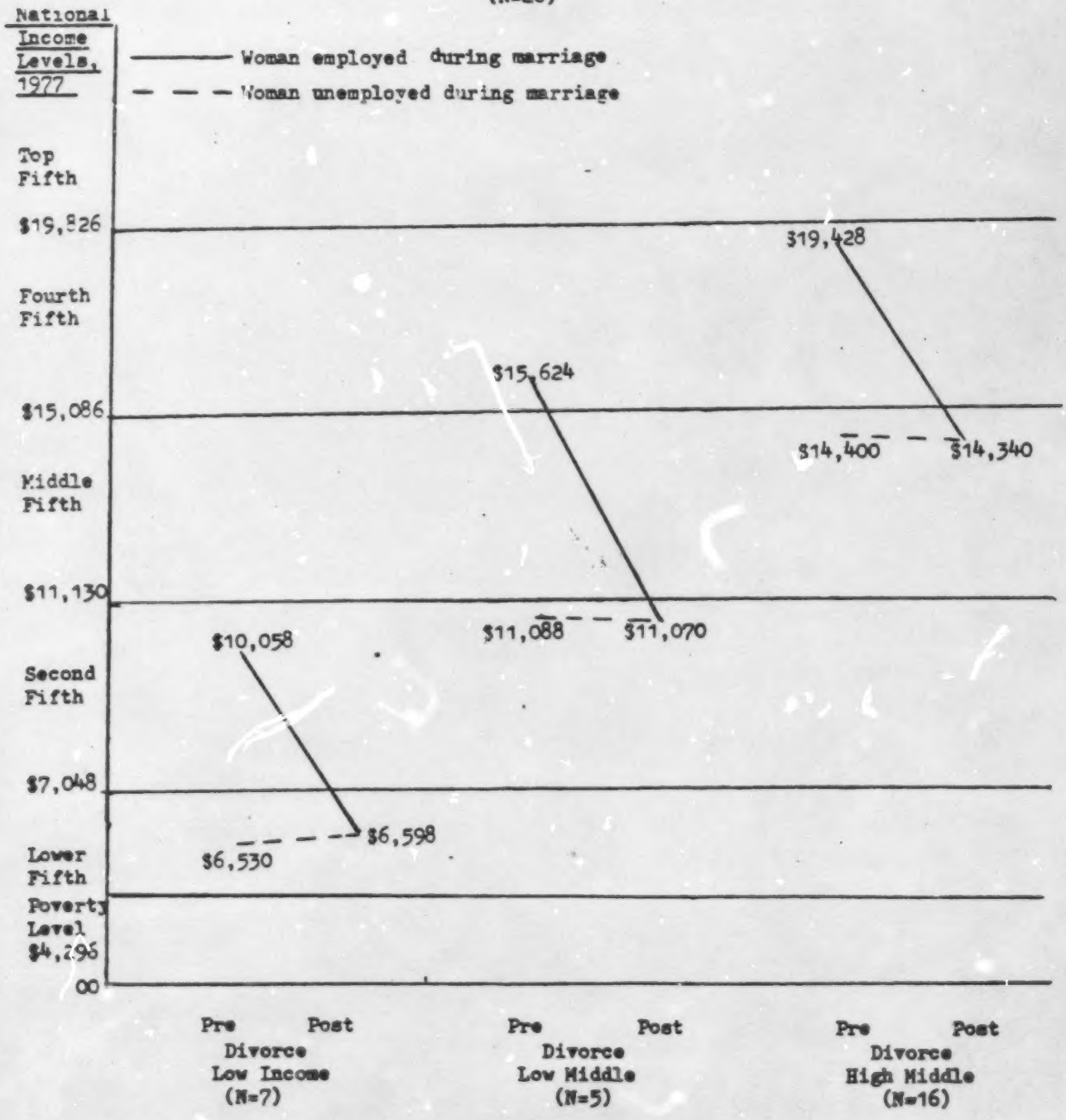

TABLE 1:

SOURCES OF INCOME

IN FEMALE-HEADED HOUSEHOLDS:

PROPORTION OF TOTAL MONTHLY INCOME

CONTRIBUTED BY EX-HUSBAND IN FAMILY SUPPORT

(N=194)

Income Group	Percent of Household Income Contributed by Ex-Husband
Low Income	28%
Low Middle	28%
High Middle	46%
High Income	62%

TABLE 2:

PROPORTION OF MEN'S

NET MONTHLY INCOME

ALLOCATED TO FAMILY SUPPORT

(N=194)

Income Group	Percent of Net Monthly Income Allocated to Family Support
Low Income	35%
Low Middle	23%
High Middle	30%
High Income	25%

TABLE 3:

PER CAPITA NET MONTHLY INCOME

FOR MEN AND WOMEN

IN MOTHER AND FATHER CUSTODY HOUSEHOLDS,

BY INCOME GROUP[1]

(N=222)

Income Group	Father Custody Families		Mother Custody Families		
				Employed	Unemployed
	Men	Women	Men	Women	Women
Low	$244 (N=7)	$294 (N=7)	$312 (N=59)	$235 (N=36)	$133 (N=23)
Low Middle	$428 (N=5)	$375 (N=5)	$682 (N=60)	$279 (N=39)	$160 (N=21)
High Middle	$460 (N=16)	$413 (N=16)	$905 (N=62)	$322 (N=56)	$219 (N=6)
High	———	———	$2467 (N=13)	$473 (N=13)	———

[1]Three sources of income were used in compiling these figures: net monthly wage income, transfer payments and family support. Court-ordered family support payments were subtracted from the non-custodial parent's income and added to the custodial parent's income. If the non-custodial parent is not making these payments, his/her income would be higher than the figures represented in this table, and the custodial parent's income would be correspondingly lower. The disparity between parent's incomes may, thus, be greater, depending upon what percent of non-custodial parents are not in compliance with court orders.